



House of Representatives

General Assembly

File No. 496

February Session, 2006

Substitute House Bill No. 5484

House of Representatives, April 12, 2006

The Committee on Judiciary reported through REP. LAWLOR of the 99th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING THE UNLAWFUL USE OR POSSESSION OF SCANNING DEVICES AND REENCODERS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2006*) As used in this section
2 and sections 2 and 3 of this act:

3 (1) "Payment card" means a credit card, charge card, debit card or
4 any other card that is issued to an authorized user and that allows the
5 user to obtain, purchase or receive money, goods, services or anything
6 else of value;

7 (2) "Reencoder" means an electronic device that places encoded
8 information from the computer chip or magnetic strip or stripe of a
9 payment card onto the computer chip or magnetic strip or stripe of a
10 different payment card or any electronic medium that allows an
11 authorized transaction to occur; and

12 (3) "Scanning device" means a scanner, reader or any other

13 electronic device that is used to access, read, scan, obtain, memorize or
14 store, temporarily or permanently, information encoded on the
15 computer chip or magnetic strip or stripe of a payment card.

16 Sec. 2. (NEW) (*Effective October 1, 2006*) (a) A person is guilty of
17 using a scanning device or reencoder with intent to defraud when such
18 person, with intent to defraud the authorized user of the payment
19 card, the issuer of the payment card, any person providing money,
20 goods, services or anything else of value or any other person,
21 knowingly (1) uses a scanning device to access, read, obtain, memorize
22 or store, temporarily or permanently, information encoded on the
23 computer chip or magnetic strip or stripe of a payment card without
24 the permission of the authorized user of the payment card, or (2) uses a
25 reencoder to place information encoded on the computer chip or
26 magnetic strip or stripe of a payment card onto the computer chip or
27 magnetic strip or stripe of a different payment card or any electronic
28 medium that allows an authorized transaction to occur without the
29 permission of the authorized user of the payment card from which the
30 information is being reencoded.

31 (b) Using a scanning device or reencoder with intent to defraud is a
32 class D felony.

33 Sec. 3. (NEW) (*Effective October 1, 2006*) (a) A person is guilty of
34 unlawful possession of a scanning device or reencoder when such
35 person has in such person's possession a scanning device or reencoder
36 under circumstances manifesting an intent to use the same in the
37 commission of a violation of section 2 of this act.

38 (b) Unlawful possession of a scanning device or reencoder is a class
39 A misdemeanor.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2006</i>	New section
Sec. 2	<i>October 1, 2006</i>	New section
Sec. 3	<i>October 1, 2006</i>	New section

PS	<i>Joint Favorable C/R</i>	JUD
JUD	<i>Joint Favorable Subst.</i>	

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 07 \$	FY 08 \$
Judicial Dept.	GF - Revenue Gain	Potential Minimal	Potential Minimal
Judicial Department (Probation); Correction, Dept.	GF - Cost	Potential	Potential

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill makes it a crime to use a scanning device or re-encoder with intent to defraud or to possess the devices under circumstances showing intent to use them illegally. To the extent that offenders are subject to incarceration or probation supervision in the community as a result of the bill, a potential cost to criminal justice agencies exists. On average, it costs the state \$2,150 to supervise an offender on probation in the community as compared to \$35,040 to incarcerate the offender (note that both figures include fringe benefits). It is anticipated that relatively few fines would be imposed on an annual basis, and, consequently, any revenue gain under the bill is expected to be minimal.

The Out Years

State Impact:

Agency Affected	Fund-Effect	FY 09 \$	FY 10 \$	FY 11 \$
Judicial Dept.	GF - Revenue Gain	Potential Minimal	Potential Minimal	Potential Minimal
Judicial Department (Probation);	GF - Cost	Potential	Potential	Potential

Correction, Dept.				
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Note: GF=General Fund

Municipal Impact: None

OLR Bill Analysis**sHB 5484*****AN ACT CONCERNING THE UNLAWFUL USE OR POSSESSION OF SCANNING DEVICES AND REENCODERS.*****SUMMARY:**

This bill makes it a class D felony, punishable by a prison term of one to five years, a fine of up to \$5,000, or both to use a scanning device or reencoder with intent to defraud. It makes it a class A misdemeanor, punishable by a prison term of up to one year, a fine of up to \$2,000 or both, to possess the devices under circumstances showing an intent to use them illegally.

EFFECTIVE DATE: October 1, 2006

SCANNING DEVICES***Definition***

The bill defines a “scanning device” as a scanner, reader, or other electronic device used to access, read, scan, obtain, memorize, or store, temporarily or permanently, information encoded on the computer chip, magnetic strip, or stripe of a payment card.

It defines a “payment card” as a credit, charge, debit, or other card issued to an authorized user allowing him to get, buy, or receive money, goods, services, or anything of value.

It defines a “reencoder” as an electronic device that places encoded information from the computer chip, magnetic strip, or stripe of a payment card onto a different payment card or any electronic medium, thereby allowing an authorized transaction to occur.

Illegal Use and Possession of Scanning Devices

The bill creates the crime of using a scanning device or reencoder

with intent to defraud. A person is guilty of this crime if, intending to defraud an authorized card user, card issuer, or any provider of goods, services, or anything of value, he knowingly does either of the following:

1. he uses a scanning device to access, read, obtain, memorize, or store, temporarily or permanently, information encoded on the computer chip, magnetic strip, or stripe of a payment card without the authorized card user's permission or
2. he uses a reencoder to place this information onto the computer chip, magnetic strip, or stripe of a different payment card or any electronic medium, thereby allowing an authorized transaction to occur without the permission of the user of the card from which the information was taken.

COMMITTEE ACTION

Public Safety and Security Committee

Joint Favorable Change of Reference

Yea 20 Nay 0 (03/07/2006)

Judiciary Committee

Joint Favorable Substitute

Yea 38 Nay 0 (03/24/2006)